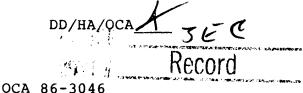
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OCA 86-3046 10 September 1986

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for JEC Staffer Richard Kaufman on Alternative Method of Sizing NATO Defense Activities

- 1. On 9 September 1986, the Agency representatives listed below discussed a new methodology for measuring the defense expenditures of foreign nations with JEC Staffer Richard Kaufman. Also in attendance for part of the briefing was Tom Stuart of the State Department.
- 2. The briefing, held in 5E46 HQ from 0945-1230, was at the Confidential level. No transcript was kept.
 - 3. The following Agency personnel were present:

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opened the briefing with a 45-minute presentation on a new methodology for measuring the size of the defense expenditures of foreign nations. The inadequacy of using fluctuating exchange rates in sizing national defense expenditures was explained, and a new measuring unit -- PPPs, or purchasing power parities -- was extensively discussed. Following the formal presentation and questions, State's Stuart departed.

- 5. Kaufman then spent an additional hour with the SOVA officers, exploring in further detail the ramifications of this new methodology. Kaufman's questions and general demeanor suggested a certain skepticism about both the usefulness of the methodology and its likely reception by the European allies, to whom it is to be presented next week. In this respect, it was not a fully successful briefing.
- 6. After the briefing Kaufman told me privately that he had been bothered for a long time by what he described as lax security procedures practiced by CIA couriers in delivering classified documents to his office. He claimed to have raised this question repeatedly (he did not say with whom) without resolving the problem. According to Kaufman, it is not at all

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uncommon for Agency couriers to leave classified documents in the JEC offices with persons having no authority to receive such documents. Kaufman spoke with some conviction about this matter.

7. I assured Kaufman that we security measures of the sort he look into the matter at once. I Security Officer, who is investig	described, and that I would later reported this to OCA's	
8. SOVA promis comparative Soviet and US defense arrangements to have this document		25 X 1
9. Notwithstanding his complete procedures, Kaufman spoke highly provided him over the years, and toward the Agency.	of the services CIA has	
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